

# 079 - INTERNAL AUDIT

## Operational Summary

### Mission:

The mission of the Internal Audit Department (IAD) is to provide highly reliable, independent, objective evaluations and business and financial consulting services to the Board of Supervisors and County management to assist them with their important business and financial decisions.

### Strategic Goals:

- Assist the Board of Supervisors and County management to ensure the County's assets and resources are safeguarded; the County's accounting and financial reporting is accurate, and the County has timely information and critical analysis for its business and economic decisions.
- Provide professional assurance and confidence to our clientele on the County's internal controls, accounting records and its financial and business operations through our published audit reports and reviews.

### Key Outcome Measures:

Performance Measure	2001 Business Plan Results	2002 Business Plan Target	How are we doing?
<b>DEFALCATIONS OF COUNTY RESOURCES.</b> <b>What:</b> Misappropriation of County funds and cash losses. <b>Why:</b> Misappropriation of funds bring on bad publicity and weaken public confidence in County operations.	This is a new indicator.	The County will not have misappropriation of funds or cash losses exceeding \$50,000.	The County did not have a misappropriation of funds or cash losses exceeding \$50,000 last year.
<b>USEFULNESS OF OUR REPORTS AND CLIENT SATISFACTION.</b> <b>What:</b> IAD performs audits that are helpful to clients. <b>Why:</b> Let's us know we are adding value and fulfilling a need.	This is a new indicator.	70% of clients report the audits are helpful.	Last year a high percentage of clients reported they received information that was helpful to them in safeguarding the County's assets and making business decisions.

### Fiscal Year FY 2001-2002 Key Project Accomplishments:

- Completed the 2001 Audit Plan including, all Departmental Control Reviews (DCRs, Financial Audits & Mandates and Control Self Assessment (CSA) workshops scheduled and budgeted.
- Completed the Board requested audit of Fund 14M-Local Redevelopment Authority.
- Hired a consultant to develop an IT-Self Assessment Matrix, which will be available to County departments and agencies for their use.

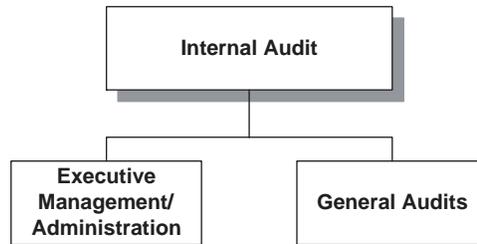
### At a Glance:

Total FY 2001-2002 Actual Expenditure + Encumbrance:	1,758,980
Total Final FY 2002-2003 Budget:	2,236,178
Percent of County General Fund:	0.09%
Total Employees:	22.00



- One auditor received a Certified Public Accountant credential and two auditors received their Certified Control Self-Assessment credentials.
- Successfully passed a Peer Review based on IIA Standards. The Peer Review is required every three years for compliance with the GAO's "Yellow Book" standards.

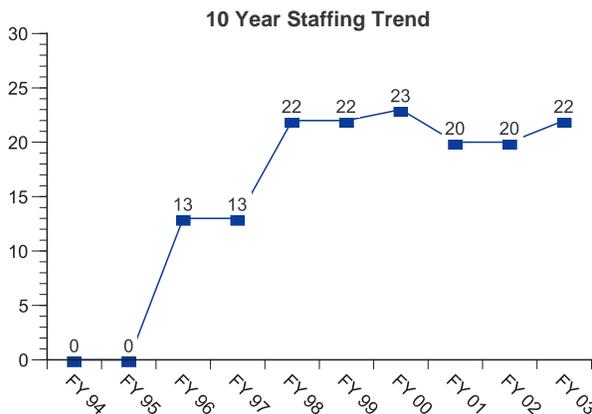
## Organizational Summary



**EXECUTIVE MANAGEMENT** - The Executive Management/Administration team provides fiscal management, procurement and human resources, system security and technical services support, leadership, management oversight and direction to Internal Audit function.

**GENERAL AUDITS** - This is the core function of the department and consists of sixteen professional audit staff.

### Ten Year Staffing Trend:



### Ten Year Staffing Trend Highlights:

- The Internal Audit Department was established as a separate department independent of the County Auditor-Controller by Board Resolution dated April 25, 1995. Arthur Andersen L.L.P. was contracted at that time by

the County to manage the Internal Audit function until a permanent director could be recruited. In 1997, a director was appointed and eight additional positions were added; in 1999 one Staff Analyst position was added; in 2000, two positions were eliminated in the Information Systems Auditing function and outsourced to consultants; additionally, two Auditor II positions were exchanged for one Senior Auditor I. In 2001, two auditor positions were added for integrated audits of specifically focused issues in the County's Comprehensive Accounting and Personnel System.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

Internal Audit, through its Business Plan, is aligned with the County's strategic priorities and assists in their accomplishment.

### Changes Included in the Base Budget:

Internal Audit combined the Electronic Data Processing Audit function with the General Audit function.

### Final Budget and History:

Sources and Uses	FY 2000-2001 Actual Exp/Rev	FY 2001-2002 Final Budget	FY 2001-2002 Actual Exp/Rev <sup>(1)</sup>	FY 2002-2003 Final Budget	Change from FY 2001-2002 Actual	
					Amount	Percent
Total Positions	-	20	22	22	0	0.00
Total Revenues	118,478	86,450	174,733	128,022	(46,711)	-26.73
Total Requirements	1,657,206	1,775,487	1,727,920	2,236,178	508,257	29.41
Net County Cost	1,538,728	1,689,037	1,553,186	2,108,156	554,969	35.73

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2001-02 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Internal Audit in the Appendix on page 599.

### Highlights of Key Trends:

- Provide balanced Internal Audit coverage of the County. Our current audit plan allocates resources to departmental control reviews, the financial audit mandates, control self-assessment workshops and integrated audits of specifically focused issues in the County's Comprehensive Accounting and Personnel System. This approach allows the department to address the County's business functions determined to have the greatest

importance and impact. The Board provides funding for contracting consultants with computer and systems expertise.

- Maintained high standards for conducting internal audits.
- To maintain high professional standards, audit staff were provided a training budget to complete an average of sixty hours for continuing professional education/training.

### Budget Units Under Agency Control

No.	Agency Name	Executive Management	General Audits	Total
079	Internal Audit	689,252	1,546,926	2,236,178
	Total	689,252	1,546,926	2,236,178

